



PLANNING COMMISSION STAFF REPORT

File No.	GP16-006
Applicant:	Drew Brown
Location	West side of Campbell Avenue, approximately 700 feet north of Newhall Street (1173 and 1175 Campbell Avenue)
Existing Zoning	Light Industrial
Council District	6
Historic Resource	No
Annexation Date:	College Park/Burbank Sunol - December 8, 1925
CEQA:	Statutory Exemption (disapproval of project)

APPLICATION SUMMARY:

Amendment to the Envision San José 2040 General Plan Land Use / Transportation Diagram land use designation from Light Industrial to Mixed Use Neighborhood on an approximately 1.95 gross acre site.

RECOMMENDATION:

Planning staff recommends that the Planning Commission make a recommendation to the City Council to **deny** the request to amend the Envision San José 2040 General Plan Land Use/Transportation Diagram designation on the site from Light Industrial to Mixed Use Neighborhood.

PROJECT DATA

GENERAL PLAN CONSISTENCY			
General Plan Designation		Light Industrial <input type="checkbox"/> Consistent <input checked="" type="checkbox"/> Inconsistent	
Consistent Policies		Compatibility Policies: CD-4.3; CD-4.4; Reduce Consumption and Increase Efficiency Policies: MS-14.1; Residential Neighborhoods Policies: LU-11.6	
Inconsistent Policies		Focused Growth Major Strategy; Innovation/Regional Employment Center Major Strategy; Fiscally Strong City Major Strategy; Innovate Economy Policies: IE-1; IE-1.1; IE-1.2; IE-1.4; Fiscal Sustainability Policies: FS-4; FS-4.1; FS-4.5; Land Use Policies: LU-6; LU-6.1; LU-6.2; LU-6.4; LU-6.5; LU-6.6; LU-6.8	
SURROUNDING USES			
	General Plan Land Use	Zoning	Existing Use
North	Light Industrial, Urban Residential	Light Industrial and A(PD) Planned Development	Light Industrial and Multiple dwellings
South	Residential Neighborhood	R-2 Two-Family Residence	Duplexes and single-family residences
East	Residential Neighborhood	R-2 Two-Family Residence	Single-family residences

West	Mixed Use Neighborhood	A(PD) Planned Development	Single-family residences
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RELATED APPROVALS	
Date	Action
9/07/1956	Building permit no. 24556 to allow the construction of an industrial building at 1175 Campbell Avenue.
5/10/1966	Building permit no. 50014 to allow an addition to the existing industrial building at 1175 Campbell Avenue.
6/04/1982	Building permit no. 39046 to allow an addition to an existing industrial laundry facility at 1173 Campbell Avenue.

PROJECT DESCRIPTION

The applicant, Drew Brown, applied for a General Plan Amendment on March 9, 2016, proposing to change the General Plan Land Use/Transportation Diagram designation from Light Industrial to Mixed Use Neighborhood. The applicant intends to develop approximately 33 attached single-family residential units, although no specific development proposal has been submitted at this time.

Site Location: The site is located on the west side of Campbell Avenue between O'Brien Court and Arbol Way at 1173 and 1175 Campbell Avenue. The site is abutted to the west and east by single-family detached residences. The site is abutted to the north across Campbell Avenue by an industrial building and single-family attached residences. To the south, the site is abutted by residential duplexes and single-family residences. The site and the surrounding properties are within the Santa Clara Valley Transportation Authority (VTA) 2011 Santa Clara Station Area Plan boundaries. The Plan was not adopted by the City of San José.

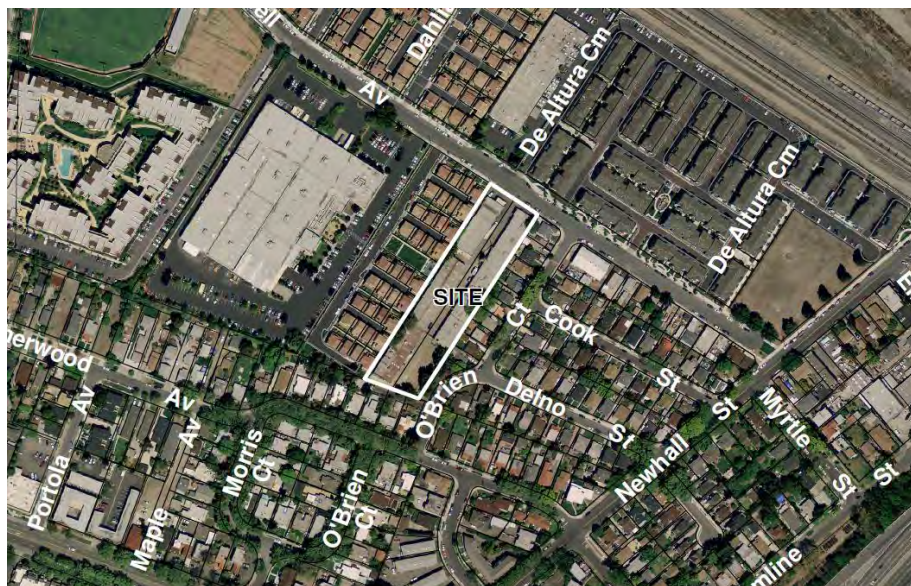


Figure 1: Site Location

Early Consideration

The proposed General Plan Amendment is requesting a land use designation change from Light Industrial to Mixed Use Neighborhood on a 1.95 acre site. As this request is a conversion of a job generating industrial land use, this amendment is subject to the Early Consideration hearing process for projects that are recommended for denial. The Early Consideration process is utilized when a proposed land use amendment to the Envision San José 2040 General Plan is fundamentally inconsistent with the major strategies, goals and policies of the General Plan. The Administration brings the amendment to the Planning Commission for Early Consideration of a recommendation to the City Council for either denial or continued processing during the 2016 General Plan Annual Review.

ANALYSIS

The proposed amendment was analyzed with respect to conformance with the major strategies, goals and policies of the Envision San José 2040 General Plan.

General Plan Major Strategies, Goals, and Policies

Background

A Major Strategy of the General Plan is to support San José's growth as an innovation/regional employment center. San José is the only U.S. city with a population over 500,000 that is a bedroom community, meaning that the City acts as a net exporter of workers within the region. The imbalance between residents and jobs in San José has led to significant fiscal, environmental and quality of life impacts for San José.

Staff from Planning Division and the Office of Economic Development provided a Land Use study session to the City Council in April 2015 that detailed the history of employment land conversions in San José and fiscal impacts of land use. A study session on the same topic was also provided to the Planning Commission in June 2015. As noted in the study sessions, since 1980, approximately 2,300 acres of employment lands have been converted to non-employment uses, resulting in an estimated loss in job capacity between 52,000 and 110,000 jobs. Overall, employment lands and light/heavy industrial lands in particular make up a small percentage (2.7%) of the city's overall land portfolio. Additionally, industrial space vacancy rates are currently low in San Jose (approximately 3%) and demand is high. For more information, staff's presentation to City Council is available on the City's website (<http://sanjoseca.gov/DocumentCenter/View/42306>).

To address the preservation and creation of employment lands, the General Plan has established the Innovation/Regional Employment Center Major Strategy. This Major Strategy and its objectives inform the City's land use policies and designations. The General Plan recognizes the retention of existing employment lands as well as the development of new employment lands as necessary to meet this objective.

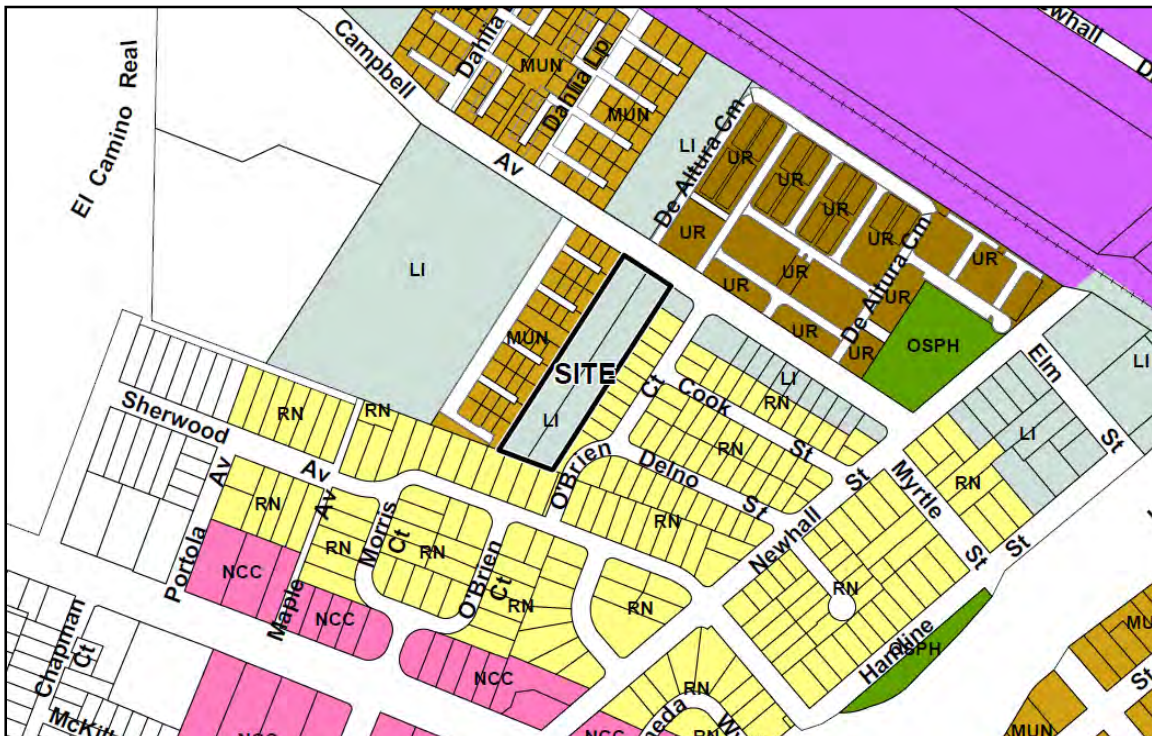


Figure 2: General Plan Map

The subject site has a land use designation of Light Industrial. The 1.95 acre site includes two existing industrial buildings approximately 38,000 total square feet in size. The industrial building at 1175 Campbell Avenue is currently occupied by a packing business store and warehouse. The industrial building at 1173 Campbell Avenue is currently vacant; the site was previously used as an industrial laundry facility until 2005. The residential sites west and north of the project were formerly industrial sites similar to the subject site. In 2004, the City Council approved a General Plan Amendment to convert these industrial lands to medium-density and high-density residential designations. Such conversion of industrial land to residential uses served as a catalyst to develop strong 2040 General Plan strategies, goals, and policies that discourage the conversion of industrial land for residential uses. Staff, as directed by the General Plan, strongly supports the preservation of existing employment land in the city to promote the City's fiscal stability.

The proposed Mixed Use Neighborhood designation supports residential, commercial, and mixed-use development such as townhomes, live/work, residential/commercial, or small stand-alone commercial uses. Residential development up to 30 dwelling units per acre or mixed-use development with a floor-area-ratio up to 2.0 could be proposed under this designation. While the proposed designation could potentially allow for the retention of some employment uses at the site, there is no guarantee that such a mixed-use development would be proposed upon approval of a General Plan amendment. Furthermore, if the applicant were to propose a mixed-use development concurrently, the project would still not be in conformance with the General Plan's industrial land retention goals and policies as industrial uses would not be allowed under the proposed Mixed Use Neighborhood designation.

A staff-initiated General Plan Amendment for the subject site was proposed in 2009 in concert with VTA's Santa Clara Station Area Plan which calls for the site to be comprised of residential uses. The City did not adopt the Station Area Plan and withdrew the amendment request as it was not in compliance with the 2007 City Council policy document "Framework for Preservation of Employment Lands." The 2007 Framework document called for no net loss of total employment capacity as the result of an amendment to the San José 2020 General Plan. It additionally required that there be no net loss from non-employment land use conversions of Light Industrial acreage or building area square footage on land that has the General Plan land use designation of Light Industrial. The Envision San José 2040 General Plan built upon the 2007 Framework document to further strengthen the City's policies against industrial land conversion.

A General Plan Amendment request was also submitted for the subject site as part of last year's (2015) Annual Review cycle to change the land use designation from Light Industrial to Residential Neighborhood. Staff was not supportive of the request, and the applicant withdrew their application prior to the Planning Commission and City Council hearing.

General Plan Policy Analysis

The proposed project would be consistent with the following General Plan policies:

1. **Compatibility Policy CD-4.3:** Promote consistent development patterns along streets, particularly in how buildings relate to the street, to promote a sense of visual order, and to provide attractive streetscapes.

Compatibility Policy CD-4.4: In non-growth areas, design new development and subdivisions to reflect the character of predominant existing development of the same type in the surrounding area through the regulation of lot size, street frontage, height, building scale, siting/setbacks, and building orientation.

Residential Neighborhoods Policy LU-11.6: For new infill development, match the typical lot size and building form of any adjacent development, with particular emphasis given to maintaining consistency with other development that fronts onto a public street to be shared by the proposed new project. As an exception, for parcels already developed with more than one dwelling unit, new development may include up to the same number of dwelling units as the existing condition. The form of such new development should be compatible with and, to the degree feasible, consistent with the form of the surrounding neighborhood pattern.

Analysis: The proposed project site is adjacent to single-family detached residences to the west and east, and townhomes across the street to the north as a result of industrial land conversions along Campbell Avenue in 2004. The proposed General Plan Amendment request would allow residential development of a similar scale to the adjacent residential projects. However, there are other active industrial businesses with Light Industrial General Plan designations directly across the street and just west of the subject site. The proposed General Plan amendment request would further erode the viability of adjacent employment uses by introducing additional incompatible residential uses.

2. **Reduce Consumption and Increase Efficiency Policy MS-14.1:** Promote job and housing growth in areas served by public transit and that have community amenities within a 20-minute walking distance.

Analysis: The proposed project would convert the site from Light Industrial to Mixed Use Neighborhood to facilitate residential development. The project site is located approximately one mile from the Santa Clara Caltrain Station. However, the proposal would also result in a loss of jobs within an area served by public transit. There would be a trade-off of employment lands in close proximity to public transit for residential in close proximity to public transit.

The proposed project would be inconsistent with the following General Plan Major Strategies, goals, and policies:

1. **Focused Growth Major Strategy:** A Major Strategy of the General Plan is to focus new growth capacity in specifically identified Growth Areas, while the majority of the City is not planned for additional growth or intensification. Because the City is largely built-out within its city limits and the General Plan does not support the conversion of industrial areas to residential use.

Analysis: The proposed General Plan amendment is inconsistent with and in direct conflict with the Focused Growth Major Strategy because it proposes to convert industrially designated lands to a non-industrial use, and is located outside of a specified Growth Area.

2. **Innovation/Regional Employment Center Major Strategy:** The Innovation/Regional Employment Center Major Strategy emphasizes economic development within the City to support San José's growth as center of innovation and regional employment. San José is the only large city within the US that acts as a net exporter of workers within the region, and through multiple General Plan updates, San José has identified improvement of the City's jobs/housing balance as a critical objective to address multiple City goals. The Plan recognizes that all existing employment lands add value to the City overall and therefore establishes goals and policies to preserve those employment lands and promote the addition of new employment lands.

Analysis: The proposed General Plan amendment is inconsistent with and in direct conflict with the Innovation/Regional Employment Center Major Strategy because it proposed to convert employment lands primarily residential use.

3. **Fiscally Strong City Major Strategy:** The Fiscally Strong City Major Strategy establishes a land use planning framework that promotes fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services, consistent with community expectations. A component of this Major Strategy is to provide adequate land for uses that generate revenue for the City.

Analysis: Conversion of the proposed site from a Light Industrial designation to a Mixed Use Neighborhood designation is inconsistent and in direct conflict with the Fiscally Strong City Major Strategy.

4. **Innovative Economy Goal IE-1:** Proactively manage land uses to provide and enhance economic development and job growth in San Jose.

Innovative Economy Policy IE 1.1: To retain land capacity for employment uses in San José, protect and improve the quantity and quality of all lands designated exclusively for industrial uses, especially those that are vulnerable to conversion to non-employment uses.

Innovative Economy Policy IE 1.2: Plan for the retention and expansion of a strategic mix of employment activities at appropriate locations throughout the city to support a balanced economic base, including industrial suppliers and services, commercial/retail support services, clean technologies, life sciences, as well as high technology manufacturers and other related industries.

Innovative Economy Policy IE 1.4: Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San Jose. Strive to achieve a minimum ratio of 1.3 jobs/employed residents to attain fiscal sustainability for the City.

Analysis: The General Plan establishes goals and policies to grow San José's economic role within the region and world, provide opportunities for San José residents, and improve revenue growth that enables delivery of desired City services. In order to increase the City's job base and maintain a fiscally strong City, it is critical to retain employment lands to provide space for existing businesses to stay in San José and new companies to locate in the City. These Innovative Economy policies are directly related to the preservation of industrial employment lands. By converting the approximately two acre subject industrial site, the proposed amendment is inconsistent with each of these policies and the City's goal to strengthen the local economy and provide jobs to residents.

5. **Fiscal Sustainability Goal FS-4:** Maintain, enhance, and develop employment lands.

Fiscal Sustainability Policy FS-4.1: Preserve and enhance employment land acreage and building floor area capacity for various employment activities because they provide revenue, near-term jobs, contribute to our City's long-term achievement of economic development and job growth goals, and provide opportunities for the development of retail to serve individual neighborhoods, larger community areas, and the Bay Area.

Fiscal Sustainability Policy FS-4.5: Maintain and expand the total amount of land with either Light Industrial or Heavy Industrial designation. Do not add overlays or other designations that would allow for non-industrial, employment uses.

Analysis: The project will convert approximately two acres of land from a Light Industrial land use designation to a Mixed Use Neighborhood land use designation. This is inconsistent with and in direct conflict with the fiscal sustainability goals and policies of the General Plan. The General Plan recognizes that the retention of existing employment lands is needed to achieve a jobs-housing balance. With limited locations for potential industrial users in which to locate, the need to preserve existing industrial designated properties is a key priority in furthering General Plan fiscal sustainability goals and policies.

6. **Broad Economic Prosperity Goal IE-6.2:** Attract and retain a diverse mix of businesses and industries that can provide jobs for the residents of all skill and education levels to support a thriving community.

Broad Economic Prosperity Goal IE-6.3: Attract job opportunities accessible to all of San José's residents, particularly residents in low-income neighborhoods.

Analysis: The Light Industrial General Plan land use designation supports a wide variety of industrial uses including warehousing, wholesaling, and light manufacturing. These types of uses can provide well-paying job opportunities that are accessible to all residents. By converting the subject site from a Light Industrial land use designation to a Mixed Use Neighborhood designation, the General Plan Amendment request is inconsistent with the above policies.

7. **Land Use Policy LU-6:** Preserve and protect industrial uses to sustain and develop the city's economy and fiscal sustainability.

Land Use Policy LU-6.1: Prohibit conversion of lands designated for light and heavy industrial uses to non-industrial uses. Prohibit lands designated for industrial uses and mixed industrial-commercial uses to be converted to non-employment uses.

Land Use Policy LU-6.2: Prohibit encroachment of incompatible uses into industrial lands, and prohibit non-industrial uses which would result in the imposition of additional operational restriction and/or mitigation requirements on industrial users use to land use incompatibility issues.

Land Use Policy LU-6.4: Encourage the development of new industrial areas and the redevelopment of existing older or marginal industrial areas with new industrial uses, particularly in locations which facilitate efficient commute patterns. Use available public financing to provide necessary infrastructure improvements as one means of encouraging this economic development and revitalization.

Land Use Policy LU-6.5: Maintain and create Light Industrial and Heavy Industrial designated site that are at least one acre in size in order to facilitate viable industrial uses.

Land Use Policy LU-6.6: Monitor the absorption and availability of industrial land, particularly land identified for light and heavy industrial uses, to ensure a balanced supply of available land for all sectors, including industrial suppliers and services.

Land Use Policy LU-6.8: Reserve industrial areas for industrial and compatible support uses, while recognizing that industrial uses come in a variety of types and forms. Allow non-industrial uses which are only incidental to and totally compatible with primary industrial uses in exclusively industrial areas. Consider allowing supportive, non-industrial activities, such as retail sales of materials manufactured or stored on site.

Analysis: The General Plan prohibits the conversion of lands designated for light and heavy industrial uses to non-industrial uses. The General Plan Amendment request is to convert an approximately two-acre site from the Light Industrial land use designation to a Mixed Use Neighborhood designation, which is in direct conflict with Land Use Policy 6.1 of the General Plan. Additionally, the 2004 industrial land conversions in the project site vicinity have already placed constraints on the future operation of the subject site. Staff does not believe that these former conversions to residential uses justify the proposal to continue conversion of industrial land to Mixed Use Neighborhood. Staff believes that, as stated in Land Use Policy 6.8, industrial uses come in a variety of types and forms. As such, staff believes that the subject approximately two-acre site could be viable for future light industrial users while still remaining compatible with the surrounding residential properties.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)


Under the provisions of Section 15270 of the State Guidelines for Implementation of the California Environmental Quality Act, the General Plan Amendment is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Code, implementing the California Environmental Quality Act of 1970, as amended (CEQA), if the public agency disapproves of the project. Section 15270 is intended to allow an initial screening of projects on the merits for quick disapprovals prior to the initiation of the CEQA process where the agency can determine that the project cannot be approved. This section shall not relieve an applicant from paying the costs for an EIR or Negative Declaration prepared for his project prior to the Lead Agency's disapproval of the project after normal evaluation and processing.

PUBLIC HEARING NOTIFICATION

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
(Required: E-mail and Website Posting)
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

Although this item does not meet any of the criteria above, staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and posted on the City website. The staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

Project Manager: Kimberly Vacca

Approved by:  , Planning Official for Harry Freitas, Planning Director

Date: 4/26/16

Owner:	Applicant:
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